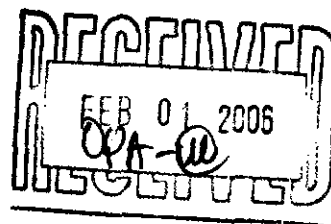


MARIANAS PUBLIC LAND TRUST

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

YEARS ENDED SEPTEMBER 30, 2005 AND 2004



INDEPENDENT AUDITORS' REPORT

Board of Trustees
Marianas Public Land Trust:

We have audited the accompanying statements of net assets of the Marianas Public Land Trust (MPLT), a component unit of the Commonwealth of the Northern Mariana Islands (CNMI), as of September 30, 2005 and 2004, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of MPLT's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of MPLT's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Marianas Public Land Trust as of September 30, 2005 and 2004, and its changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3 through 8 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the Marianas Public Land Trust's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit such information and we do not express an opinion on it.

Our audits were conducted for the purpose of forming an opinion on the Marianas Public Land Trust's basic financial statements. The accompanying combining information presented on pages 9 through 11 and schedules of investments and administrative expenses compared to budget presented on pages 23 through 37 are presented for purposes of additional analysis and are not a required part of the basic financial statements. This combining information and schedules are the responsibility of the Marianas Public Land Trust's management. The combining information and schedules have been subjected to the auditing procedures applied by us in the audit of the 2005 financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2005, on our consideration of internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Deloitte & Touche LLC

December 20, 2005

Management's Discussion and Analysis Year Ended September 30, 2005

As management of the Marianas Public Land Trust, we offer readers of the Marianas Public Land Trust's financial statements this narrative overview and analysis of the financial activities of the Marianas Public Land Trust for the year ended September 30, 2005. This Management's Discussion and Analysis should be read in conjunction with the audited financial statements.

Implementing Authority

The origins of the Trust are found in both the Constitution of the Northern Mariana Islands and Public Law 94-241, Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America. Both of these documents came into full force and effect on January 9, 1978.

Article XI, Section 6 of the Constitution provides for the establishment of the Trust upon the effective date of the Constitution. Some excerpts pertaining to the operating requirements of the Trust are:

- "... The number of trustees appointed by the Governor with the advice and consent of the Senate shall be ...[five]. Three shall be from Saipan, one from Rota and one from Tinian. At least one trustee shall be a woman and at least one trustee shall be of Carolinian descent. The trustees shall serve for a term of six years ... [shall] be staggered."
- "... The trustees shall make reasonable, careful and prudent investments."
- "... The trustees shall ...[use] the interest on the amount received for the lease of property at Tanapag Harbor for the development and maintenance of a memorial park. The trustees shall transfer to the general revenues of the Commonwealth the remaining interest accrued ...[except] that the trustees may retain the amount necessary to meet reasonable expenses of administration."
- "... The trustees shall make an annual written report to the people of the Commonwealth accounting for the revenues received and expenses incurred by the Trust and describing the investments and other transactions authorized by the trustees."
- "... The trustees shall be held to strict standards of fiduciary care. Each trustee shall annually submit to the Governor and the presiding officers of the Legislature a report disclosing their financial affairs, as provided by law."

The Covenant contains key provisions, which are fundamental to the Trust's development. Article VIII, Section 802 requires that certain lands be made available to the United States Government by lease in order for it to carry out its defense responsibilities. These lands consist of 7,203 hectares on Tinian, 72 hectares at Tanapag Harbor in Saipan, and the entire island of Farallon de Medinilla.

Article VIII, Section 803 of the Covenant describes the lease terms for the above properties. The Commonwealth will lease the property to the United States for 50 years with the United States having the option of renewing the lease for all or part of the property for an additional term of 50 years. The United States will pay the Commonwealth, in full settlement of the two 50 year lease terms, the total sum of \$19,520,600 determined as follows:

- Tinian Island property - \$17.5 million;
- Saipan Island property located at Tanapag Harbor - \$2 million;
- Farallon de Medinilla Island - \$20,600.

The above sum will be adjusted by a percentage, which will be the same as the percentage change in the United States Department of Commerce composite price index from the date of signing the Covenant. Additional terms and conditions of this lease are found in the Technical Agreement Regarding Use of Land To Be Leased by the United States, which was executed simultaneously with the Covenant.

Furthermore, Section 803 provides for over 53 hectares of the leased property at Tanapag Harbor to be made available by the United States, at no cost to the Commonwealth, to establish an American Memorial Park to honor the American and Marianas dead in the World War II Marianas Campaign. The \$2 million received from the United States for the lease of this property would be placed into a trust fund with the "income" to be used for the development and maintenance of the park.

This was the initial source of the funding for the Marianas Public Land Trust, i.e., \$23,942,602 allocated to the MPLT General Fund and \$2,000,000 allocated to the MPLT Park Fund. In 1991, an additional \$1,000,000 distribution was received from the Marianas Public Land Corporation.

Financial Highlights

The following financial highlights are taken from the audited financial statements for the years ended September 30, 2005 and 2004.

- The assets of the Trust grew during 2005 by \$4,874,954 over the amount at 2004. This growth was due to the continued stock market recovery that began in 2003, reversing the decline occurring in years 2002 and 2001.
- Total liabilities decreased as of 2005 by \$324,341 due primarily to a reduction of the balance due to brokers of \$565,279 plus minor changes in accounts payable and the amount due to other funds. There was no other significant change or basis for the decrease in liabilities other than the timing of transactions.
- The above changes netted to result in an increase of \$5,199,295 at 2005 in the total net assets. This increase from 2004 was primarily in the principal fund balance due to the financial market recovery, which increased the value of the equity investments.
- The total revenues of the Trust are a combination of (1) the gains (losses) attributable to the valuation of investments plus (2) the income earned on such investments. Due to the continued recovery of the equity markets during 2005, the Trust experienced net revenues amounting to \$6,832,538. The fair value of investments increased by \$4,564,387 as the U.S. equity markets continues its recovery.

- The overall administrative costs increased in 2005 by 12%. This was due to primarily to increased costs for legal fees, salaries and personnel benefits, other professional services, office expenses, and annual report preparation. Salaries and benefits increase was due merit pay raises. Board Expenses and Money Management Administration decreased by 26% and 5%, respectively.

MPLT General Fund Operations

The Board of Trustees has been continuing to seek guidance as to the extent of their authority to make local investments to benefit Northern Marianas descent. The Supreme Court has been asked to provide guidance on various matters relating to interpretation of the Constitution, but to date we have not received a response.

The Board of Trustees is continuing to accept proposals through its "economically targeted investment" (ETI) program, but this is subject to meeting prudent asset allocation standards to ensure diversification of our investment portfolio. It is through diversification that risk is managed. The Board also has to ensure the stability of the local investment to meet collateral and ability to repay standards.

Currently, the Trust is attempting to recover its loan for the Rota scholarship parent/student loan program, which was started in 2002. The borrower of these funds is currently in default and legal action has commenced. Additionally, in 1998, the Trust commenced a loan program to NMHC to provide them with the funds to be able to make long term mortgage financing available. As part of the conditions for making these loans, MPLT was granted via an appropriation (P. L. 10-29) the right to keep the interest earned on this loan and allocate it to the principal fund of the Trust. The following is a summary of the interest earned and retained as principal:

Year	Amount
1998	\$ 15,146
1999	246,931
2000	426,094
2001	679,414
2002	795,669
2003	764,713
2004	766,808
2005	764,713
	<hr/>
Total	<u>\$ 4,459,488</u>

Furthermore, P. L. 12-27 approved the repayment of this loan through legislative appropriation of the operating transfer due to the CNMI General Fund from the net investment income of MPLT. Currently, the balance of the NMHC loan due to MPLT is \$8,996,623.

No new ETI investments have been made in 2005.

Condensed Financial Statement Summaries

Statement of Net Assets

<u>Assets</u>	<u>2005</u>	<u>2004</u>	<u>Net Change</u>
Current assets	\$ 2,385,049	\$ 3,069,473	\$ (684,424)
Investments	48,968,629	44,484,108	4,484,521
Notes receivable - noncurrent portion	8,996,623	9,129,755	(133,132)
Accrued income receivable - noncurrent portion	1,012,880	-	1,012,880
Capital assets	33,667	30,330	3,337
Total	<u>\$ 61,396,848</u>	<u>\$ 56,713,666</u>	<u>\$ 4,683,182</u>

Liabilities and Net Assets

Current liabilities	<u>\$ 361,950</u>	<u>\$ 599,498</u>	<u>\$ (237,548)</u>
Invested in capital assets	33,667	30,330	3,337
Restricted principal	<u>61,001,231</u>	<u>56,083,838</u>	<u>4,917,393</u>
Net assets	<u>61,034,898</u>	<u>56,114,168</u>	<u>4,920,730</u>
Total	<u>\$ 61,396,848</u>	<u>\$ 56,713,666</u>	<u>\$ 4,683,182</u>

Statement of Revenues, Expenses and Changes in Net Assets

	<u>2005</u>	<u>2004</u>	<u>Net Change</u>
Operating revenues	\$ 6,163,837	\$ 5,538,744	\$ 625,093
Operating expenses	943,159	833,572	109,587
Net contribution to the General Fund	<u>(299,948)</u>	<u>(541,980)</u>	<u>242,032</u>
Change in assets	4,920,730	4,163,192	757,538
Beginning net assets	<u>56,114,168</u>	<u>51,950,976</u>	<u>4,163,192</u>
Ending net assets	<u>\$ 61,034,898</u>	<u>\$ 56,114,168</u>	<u>\$ 4,920,730</u>

Goals and Objectives

MPLT settled its litigation with MPLA in order to minimize legal costs of separate governmental entities suing each other. The settlement was approved by the Court on August 15, 2005 wherein MPLA will transfer to MPLT \$1,000,000 in monthly installments of \$5,000 over ten years with a balloon payment at the end of the ten-year term. The principal balance will bear interest at the rate of 1% per annum.

It is the intent of MPLT to continue to monitor its investment portfolio to ensure an adequate risk-adjusted rate of return is achieved. This is the phase of the Five-Step Investment Management Process that MPLT is currently performing. This involves periodic rebalancing of the portfolio to comply with its asset allocation investment policy. Occasionally, the Board may find it necessary or desirable to add additional asset classes, which require amendment of its Investment Policy Statement. It is MPLT's fiduciary duty to continue to follow the well-established prudent investment management practices.

MPLT Park Fund Operations

The MPLT Park Fund is part of the overall trust fund but is separately managed and accounted for due to its funding source and a different beneficiary as compared to the MPLT General Fund. As stated previously, the Park Fund received its principal funding from the lease proceeds of a portion of the Tinian - Tanapag Harbor - Farallon de Medinilla land lease revenues. The \$2,000,000 for the Tanapag Harbor in Saipan was dedicated to the formation of the American Memorial Park. The income on this principal contribution can only be used for the maintenance and development of the American Memorial Park (AMP). Accordingly, this initial principal contribution has been prudently managed since 1983 and has grown to \$7,297,024. This has been accomplished while distributing \$3,886,173 for AMP maintenance and development.

As part of a plan to make some of the principal available for development of the AMP, the Trust entered into a loan arrangement with the Commonwealth Development Authority on November 30, 2001 to lend them \$2,000,000 to be used with CIP funding grants in order to make the following additions and upgrades to the Park:

1. American Memorial Park Visitor/Cultural Center	\$ 1,305,200
2. American Memorial Park Marianas Memorial Garden	514,000
3. Remodel and Upgrade Amphitheater	1,310,800
4. Exhibit Design and Construction of Visitor Center	<u>870,000</u>
Total	\$ <u>4,000,000</u>

This loan is to be repaid from future income realized on the Park Fund investments. As income is received, the principal portion of the payment will be taken from the income stream and transferred to principal and re-invested. The term of the loan is fifteen years at an annual rate of 6.5%. The monthly principal and interest payment will be \$17,422. It is through this mechanism that MPLT has been able to benefit the Park and sustain new development.

Condensed Financial Statement Summaries

Statement of Net Assets

<u>Assets</u>	<u>2005</u>	<u>2004</u>	<u>Net Change</u>
Current assets	\$ 472,879	\$ 846,291	\$ (373,412)
Investments	5,310,202	4,649,918	660,284
Notes receivable - noncurrent portion	1,712,943	1,808,043	(95,100)
Total	\$ 7,496,024	\$ 7,304,252	\$ 191,772
 <u>Liabilities and Net Assets</u>			
Current liabilities	\$ 70,694	\$ 157,487	\$ (86,793)
Restricted principal	7,297,024	6,888,654	408,370
Restricted income	128,306	258,111	(129,805)
Net assets	7,425,330	7,146,765	278,565
Total	\$ 7,496,024	\$ 7,304,252	\$ 191,772

Statement of Revenues, Expenses and Changes in Net Assets

	<u>2005</u>	<u>2004</u>	<u>Net Change</u>
Operating revenues	\$ 668,701	\$ 625,191	\$ 43,510
Operating expenses	95,423	94,297	1,126
Net contribution to the General Fund	<u>(294,713)</u>	<u>(387,119)</u>	<u>92,406</u>
Change in assets	278,565	143,775	134,790
Beginning net assets	<u>7,146,765</u>	<u>7,002,990</u>	<u>143,775</u>
Ending net assets	<u>\$ 7,425,330</u>	<u>\$ 7,146,765</u>	<u>\$ 278,565</u>

Goals and Objectives

It is the intention of the Board of Trustees to continue to provide financial assistance to the American Memorial Park in accordance with the terms of the Constitution and Covenant. It has been through the Trust's stewardship of the Park Fund assets that the developments in the AMP have occurred. The Trustees plan to continue this past record of achievement and use it as a basis for further enhancements of a facility, which benefits the Commonwealth as a whole.

Contacting The MPLT's Financial Management

This report is designed to provide the branches of the Commonwealth Government and the public at large with a general overview of MPLT's finances and to show the MPLT's accountability for the money it receives. If you have questions about this report or need additional financial information, contact MPLT's Executive Director, P. O. Box 501089, Saipan, MP 96950 or phone at (670) 322-4401 or email mplt@vzpacifica.net.

MARIANAS PUBLIC LAND TRUST

Statements of Net Assets
September 30, 2005 and 2004
(With Combining Information as of September 30, 2005)

ASSETS	General	Park	Totals	
	Fund	Fund	2005	2004
Current assets:				
Cash and cash equivalents	\$ 1,965,814	\$ 286,047	\$ 2,251,861	\$ 2,644,610
Receivables:				
Notes	-	95,100	95,100	99,762
Accrued income	195,733	27,215	222,948	791,524
Other	2,953	23	2,976	139,866
Due from CNMI Government	-	54,448	54,448	7,193
Due from other funds	65,823	-	65,823	88,513
Due from brokers	148,196	10,046	158,242	139,670
Prepaid expense	6,530	-	6,530	4,626
Total current assets	<u>2,385,049</u>	<u>472,879</u>	<u>2,857,928</u>	<u>3,915,764</u>
Other assets, restricted:				
Investments	<u>48,968,629</u>	<u>5,310,202</u>	<u>54,278,831</u>	<u>49,134,026</u>
Total other assets, restricted	<u>48,968,629</u>	<u>5,310,202</u>	<u>54,278,831</u>	<u>49,134,026</u>
Noncurrent assets:				
Notes receivable, net of current portion and allowance for doubtful accounts of \$143,156 and \$0- as of September 30, 2005 and 2004, respectively	8,996,623	1,712,943	10,709,566	10,937,798
Accrued income receivable, net of current portion	1,012,880	-	1,012,880	-
Capital assets (net of accumulated depreciation)	<u>33,667</u>	<u>-</u>	<u>33,667</u>	<u>30,330</u>
Total noncurrent assets	<u>10,043,170</u>	<u>1,712,943</u>	<u>11,756,113</u>	<u>10,968,128</u>
	<u>\$ 61,396,848</u>	<u>\$ 7,496,024</u>	<u>\$ 68,892,872</u>	<u>\$ 64,017,918</u>
<u>LIABILITIES AND NET ASSETS</u>				
Current liabilities:				
Accounts payable	\$ 62,106	\$ 3,690	\$ 65,796	\$ 65,494
Due to other funds	-	65,823	65,823	88,513
Payable to brokers	20,227	1,181	21,408	586,687
Due to CNMI Government	273,918	-	273,918	10,967
Accrued expenses	<u>5,699</u>	<u>-</u>	<u>5,699</u>	<u>5,324</u>
Total liabilities	<u>361,950</u>	<u>70,694</u>	<u>432,644</u>	<u>756,985</u>
Commitments				
Net assets:				
Investment in capital assets	33,667	-	33,667	30,330
Restricted:				
Principal	61,001,231	7,297,024	68,298,255	62,972,492
Income	<u>-</u>	<u>128,306</u>	<u>128,306</u>	<u>258,111</u>
Total net assets	<u>61,034,898</u>	<u>7,425,330</u>	<u>68,460,228</u>	<u>63,260,933</u>
	<u>\$ 61,396,848</u>	<u>\$ 7,496,024</u>	<u>\$ 68,892,872</u>	<u>\$ 64,017,918</u>

See accompanying notes to financial statements.

MARIANAS PUBLIC LAND TRUST

Statements of Revenues, Expenses and Changes in Net Assets
 Years Ended September 30, 2005 and 2004
 (With Combining Information for the Year Ended September 30, 2005)

	General	Park	Totals	
	Fund	Fund	2005	2004
Operating revenues:				
Net increase in the fair value of investments	\$ 4,156,017	\$ 408,370	\$ 4,564,387	\$ 3,744,157
Interest income	1,584,081	217,151	1,801,232	1,895,376
Dividend income	423,739	43,180	466,919	524,402
Total operating revenues	<u>6,163,837</u>	<u>668,701</u>	<u>6,832,538</u>	<u>6,163,935</u>
Operating expenses:				
Professional fees	195,892	6,437	202,329	136,561
Money manager fees	176,896	18,326	195,222	197,082
Contract services	131,026	16,192	147,218	147,198
Money management administration	111,417	13,771	125,188	131,335
Consultancy fees	99,094	17,105	116,199	55,280
Trustees' expenses	94,475	8,187	102,662	139,073
Salaries and benefits	66,631	8,235	74,866	65,276
Office supplies	29,392	3,595	32,987	28,839
Rent and utilities	14,024	1,733	15,757	14,669
Annual report preparation	9,559	1,182	10,741	1,066
Depreciation	9,413	-	9,413	8,490
Audit	5,340	660	6,000	3,000
Total operating expenses	<u>943,159</u>	<u>95,423</u>	<u>1,038,582</u>	<u>927,869</u>
Operating income	5,220,678	573,278	5,793,956	5,236,066
Other nonoperating income (expense):				
Net contribution to the General Fund	<u>(299,948)</u>	<u>(294,713)</u>	<u>(594,661)</u>	<u>(929,099)</u>
Change in net assets	4,920,730	278,565	5,199,295	4,306,967
Net assets at beginning of year	<u>56,114,168</u>	<u>7,146,765</u>	<u>63,260,933</u>	<u>58,953,966</u>
Net assets at end of year	<u>\$ 61,034,898</u>	<u>\$ 7,425,330</u>	<u>\$ 68,460,228</u>	<u>\$ 63,260,933</u>

See accompanying notes to financial statements.

MARIANAS PUBLIC LAND TRUST

Statements of Cash Flows
 Years Ended September 30, 2005 and 2004
 (With Combining Information for the Year Ended September 30, 2005)

	General	Park	Totals	
	Fund	Fund	2005	2004
Cash flows from operating activities:				
Cash received from operations	\$ 1,684,795	\$ 287,253	\$ 1,972,048	\$ 1,729,257
Cash payments to suppliers for goods and services	(1,173,198)	(236,664)	(1,409,862)	(946,698)
Net cash provided by operating activities	511,597	50,589	562,186	782,559
Cash flows from noncapital financing activities:				
Net contribution to the General Fund	(299,948)	(294,713)	(594,661)	(387,119)
Net cash used for noncapital financing activities	(299,948)	(294,713)	(594,661)	(387,119)
Cash flows from capital and related financing activities:				
Acquisition of property and equipment	(12,750)	-	(12,750)	(18,830)
Deletions of property and equipment, net	-	-	-	457
Net cash used for capital and related financing activities	(12,750)	-	(12,750)	(18,373)
Cash flows from investing activities:				
Net decrease in notes receivable	143,794	89,100	232,894	89,356
Net investment additions	(4,484,521)	(660,284)	(5,144,805)	(3,726,480)
Net increase in the fair value of investments	4,156,017	408,370	4,564,387	3,744,157
Net cash (used for) provided by investing activities	(184,710)	(162,814)	(347,524)	107,033
Net increase (decrease) in cash and cash equivalents	14,189	(406,938)	(392,749)	484,100
Cash and cash equivalents at beginning of year	1,951,625	692,985	2,644,610	2,160,510
Cash and cash equivalents at end of year	\$ 1,965,814	\$ 286,047	\$ 2,251,861	\$ 2,644,610
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 5,220,678	\$ 573,278	\$ 5,793,956	\$ 5,236,066
Adjustments to reconcile operating income to net cash provided by operating activities:				
Net increase in fair value of investments	(4,156,017)	(408,370)	(4,564,387)	(3,744,158)
Depreciation	9,413	-	9,413	8,490
(Increase) decrease in assets:				
Receivable - accrued income	(446,272)	1,968	(444,304)	(721,297)
Due from CNMI Government	7,193	(54,448)	(47,255)	164,941
Due from other funds	22,690	-	22,690	93,690
Due from brokers	(43,549)	24,957	(18,592)	-
Other receivable	136,913	(23)	136,890	(134,164)
Prepaid expense	(1,904)	-	(1,904)	(4,626)
Increase (decrease) in liabilities:				
Accounts payable	339	(37)	302	(35,287)
Due to other funds	-	(22,690)	(22,690)	(93,690)
Due to CNMI Government	273,918	(10,947)	262,971	10,968
Payable to brokers	(512,180)	(53,099)	(565,279)	-
Accrued expenses	375	-	375	1,626
Net cash provided by operating activities	\$ 511,597	\$ 50,589	\$ 562,186	\$ 782,559
Supplemental schedule of noncash operating, financing and investing activities:				
Pursuant to Public Law 12-27, MPLT applied the required income distribution to the CNMI General Fund of \$525,821 and \$541,980 for the years ended September 30, 2005 and 2004, respectively, as repayment of NMHC's loan.				
Increase (decrease) in receivable - accrued income	\$ 244,127	\$ (769,948)	\$ (525,821)	\$ (541,980)
(Decrease) increase in operating transfers out	(244,127)	769,948	525,821	541,980
	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2005 and 2004

(1) Organization and Purpose

The Marianas Public Land Trust (MPLT), a component unit of the Commonwealth of the Northern Mariana Islands (CNMI), was formed on January 9, 1978, pursuant to the ratification and adoption of the Constitution of the CNMI, Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America (the Covenant), and Technical Agreement Regarding Use of Land to be Leased by the United States in the Northern Mariana Islands.

MPLT did not become operational until May 17, 1983, when its Trustees were appointed by the Governor with confirmation by the Senate.

The purpose of MPLT is to manage all monies received by it from the Marianas Public Lands Authority (MPLA) for the use of public lands. MPLA has the responsibility to manage the public lands and distribute to MPLT all revenues net of reasonable expenses of administration.

MPLT's responsibility, with respect to monies received by it from MPLA, requires it to make reasonable, careful and prudent investments. The Trustees have taken the position that their duty to the beneficiaries is not only to provide income to the general fund of the CNMI but also to preserve the principal of MPLT. As such, MPLT is currently allocating capital gains and losses on equity investments to principal fund balance. These capital gains and losses are not considered to be available for distribution to the general fund of the CNMI. Other forms of income on investments, after deduction of amounts necessary to meet reasonable administrative expenses, are distributed to the general fund of the CNMI.

Additionally, MPLT is responsible for carrying out the intention of Article VIII, Section 803(e) of the Covenant, by establishing a separate trust fund for the development and maintenance of an American Memorial Park. The Trustees are allocating capital gains and losses on equity investments of this trust fund to the principal of the trust fund. Other forms of income on investments, after deduction of amounts necessary to meet reasonable administrative expenses, are to be used for the development and maintenance of the American Memorial Park.

(2) Summary of Significant Accounting Policies

The accounting policies of MPLT conform to accounting principles generally accepted in the United States of America, as applicable to governmental entities, specifically proprietary funds. Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, requires that proprietary activities apply all applicable GASB pronouncements as well as Statements and Interpretations issued by the Financial Accounting Standards Board (FASB), Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989. MPLT has implemented GASB 20 and elected not to apply FASB Statements and Interpretations issued after November 30, 1989.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2005 and 2004

(2) Summary of Significant Accounting Policies, Continued

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Accounting

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of this fund are included on the statements of net assets. Proprietary fund operating statements present increases (e.g. revenues) and decreases (e.g. expenses) in net assets. The accrual basis of accounting is utilized for proprietary funds. Under this method, revenues are recorded when earned and expenses recorded at the time liabilities are incurred, except for the settlement receivable described in note 4 for which revenues are recognized on a cash basis.

Cash and Cash Equivalents

For purposes of the statements of net assets and cash flows, MPLT considers all cash held in demand accounts with initial maturities of ninety days or less, to be cash and cash equivalents. At September 30, 2005 and 2004, total cash and cash equivalents were \$2,251,861 and \$2,644,610, respectively. Corresponding bank balances were \$512,693 and \$142,841, respectively. Of the bank balance amount, \$512,693 and \$142,841 are maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance as of September 30, 2005 and 2004, respectively. Bank deposits in the amount of \$100,000 were FDIC insured as of September 30, 2005 and 2004.

	<u>2005</u>	<u>2004</u>
Custodian money market sweep deposits	\$ 1,739,168	\$ 2,501,769
Deposits with federally insured banks	<u>512,693</u>	<u>142,841</u>
	<u>\$ 2,251,861</u>	<u>\$ 2,644,610</u>

CNMI law does not require component unit funds to be collateralized and thus MPLT's funds are uncollateralized. The money market sweep account deposit is not federally insured.

Investments

MPLT has selected a custodian for both funds who is to safekeep all securities and cash, account for all cash flows including investment income and provide monthly statements. The minimum criteria for the custodian are:

1. Shall be a U.S. bank or trust company regulated by the Federal Reserve Board, a state banking authority or the Comptroller of the Currency.
2. Shall have a net worth in excess of ten million dollars.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2005 and 2004

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

3. Shall be a member of the Depository Trust Co. I.D. system.
4. Shall have ten years experience as a custodian of financial assets.
5. Shall have at least \$1 billion in custodial assets.

The Trustees have determined that the following investment policy will govern the investment of assets of MPLT.

- (i) MPLT has selected six money managers for the General Trust Fund and the American Memorial Park Trust Fund who are given authority to buy and sell securities. Each money manager must meet the following minimum criteria.
 1. Be a bank, insurance company, investment management company, or investment adviser as defined by the Registered Investment Advisers Act of 1940.
 2. Provide historical quarterly performance numbers calculated on a time-weighted basis, based on a composite of all fully discretionary accounts of similar investment style, and reported net and gross of fees.
 3. Provide performance evaluation reports prepared by an objective third party that illustrate the risk/return profile of the manager relative to other managers of like investment style.
 4. Provide detailed information on the history of the firm, key personnel, key clients, fee schedule, and support personnel.
 5. Clearly articulate the investment strategy that will be followed and document that the strategy has been successfully adhered to over time.
 6. Selected firms shall have no outstanding legal judgments or past judgments which may reflect negatively upon the firm.
- (ii) Every money manager selected to manage Trust assets must adhere to the following guidelines.
 1. The following securities and transactions are not authorized, unless receiving prior Board approval:
 - Letter stock and other unregistered securities; commodities or other commodity contracts; and short sales or margin transactions.
 - Securities lending; pledging or hypothecating securities.
 - Investments in the equity securities of any company with a record of less than three years' continuous operation, including the operation of any predecessor; and investments for the purpose of exercising control of management are all restricted.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2005 and 2004

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

2. Domestic Equities:

- Equity holdings in any one company should not exceed more than 10% of the market value of MPLT's equity portfolio.
- Investments in any one sector should not be excessive.
- The manager shall emphasize quality in security selection and shall avoid risk of large loss through diversification.
- The manager shall emphasize quality in security selection of the specific style hired to manage and shall avoid risk of large loss through diversification within its mandated style, i.e. Dom. Equity-Lg. Cap. Growth/Value/Core Style.
- The managers shall have the discretion to invest a portion of the assets in cash reserves when they deem appropriate. However, the managers will be evaluated against their peers on the performance of the total funds under their direct management.
- Holdings of individual securities shall be large enough (round lots) for easy liquidation.

3. Domestic Fixed Income:

- All fixed-income securities held in the portfolio shall have a nationally recognized credit quality rating like Moody's, Standard & Poor's and/or a Fitch's credit quality rating of no less than "BBB". U.S. Treasury and U.S. government agencies, which are unrated securities, are qualified for inclusion in the portfolio.
- No more than 20% of the market value of the fixed income portfolio shall be rated less than single "A" quality, unless the manager has specific written authorization.
- The exposure of the portfolio to any one issuer, other than securities of the U.S. government or agencies, shall not exceed 10% of the market value of the fixed income portfolio.
- Holdings of individual issues shall be large enough (round lots) for easy liquidation.

4. International Equities:

- Equity holdings in any one company shall not exceed more than 10% of the International Equity portfolio.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2005 and 2004

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

- Investments in any one industry category should not be excessive.
- Allocations to any specific country shall not be excessive relative to a broadly diversified international equity manager peer group. It is expected that the non-U.S. equity portfolio will have no more than 40% in any one country.
- The manager may enter into foreign exchange contracts on currency provided that use of such contracts is limited to hedging currency exposure existing within the manager's portfolio. There shall be no direct foreign currency speculation or any related investment activity.

5. Cash/Cash Equivalents:

- Cash equivalent reserves shall consist of cash instruments having a quality rating of A-1, P-1 or higher. Eurodollar Certificates of Deposits, time deposits, and repurchase agreements are also acceptable investment vehicles.
- Any idle cash not invested by the investment managers shall be invested daily through an automatic interest bearing sweep vehicle selected by the manager, available and/or managed by the custodian.

6. Economically-Targeted Investments/Socially Responsible Investments:

Economically-targeted investments (ETIs) refer to investments in vehicles which are structured to produce corollary benefits, e.g. job creation or affordable housing, in addition to the main objective of a competitive risk-adjusted rate of return.

7. International Mutual Funds:

In fiscal year 1998, the Board of Trustees approved the creation of another investment category, which could further diversify the portfolio. The mutual fund's primary focus would be in European and Asian markets.

8. Large Capital Value Money Managers:

The large capital value money managers may invest up to 20% of the portfolio in securities below \$5 billion capitalization, but above \$2.5 billion in market capitalization; up to 20% of the portfolio in ADR's (Asset Depository Receipt) (international) securities above \$2.5 billion in market capitalization; however, at no time shall the portfolio exceed 30% of combined total value in ADR's and Lower-Cap securities below \$5 billion, but above \$2.5 billion in market capitalization.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2005 and 2004

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

(iii) Asset allocation of the two funds are as follows:

	General Fund			Park Fund		
	Lower Limit	Strategic Allocation	Upper Limit	Lower Limit	Strategic Allocation	Upper Limit
Domestic Equities:						
Large Cap	30.0%	35.0%	40.0%	30.0%	35.0%	40.0%
Value	12.5%	17.5%	22.5%	12.5%	17.5%	22.5%
Growth	12.5%	17.5%	22.5%	12.5%	17.5%	22.5%
Small/Mid Cap Core	5.0%	10.0%	15.0%	5.0%	10.0%	15.0%
Non U.S. Equities:						
Core	5.0%	10.0%	15.0%	5.0%	10.0%	15.0%
Domestic Fixed Income:						
Core	40.0%	45.0%	50.0%	40.0%	45.0%	55.0%
ETI - Local Loans	25.0%	30.0%	35.0%	25.0%	30.0%	55.0%
	10.0%	15.0%	20.0%	0.0%	15.0%	25.0%

Rebalancing of Strategic Allocation

The percentage allocation to each asset class may vary as much as plus or minus 5% depending upon market conditions.

When necessary and/or available, cash inflows/outflows will be deployed in a manner consistent with the strategic asset allocation of MPLT. If there are no cash flows, the allocation of MPLT will be reviewed quarterly.

If the Trustees judge cash flows to be insufficient to bring MPLT within the strategic allocation ranges, the Trustees shall decide whether to effect transactions to bring the strategic allocation within the threshold ranges (Strategic Allocation).

MPLT values its investments at fair value in accordance with GASB Statement 31. MPLT's investments as of September 30, 2005 and 2004 (with combining information as of September 30, 2005) is as follows:

	General Fund	Park Fund	2005	2004
<u>Equities:</u>				
Common stock	\$ 34,487,269	\$ 3,343,261	\$ 37,830,530	\$ 32,618,427
<u>Fixed Income Securities:</u>				
Mortgage and asset backed securities	1,507,645	179,864	1,687,509	1,411,057
Corporate bonds	9,509,415	1,374,525	10,883,940	10,635,806
Government obligations	645,172	173,908	819,080	798,075
Government agencies	<u>2,819,128</u>	<u>238,644</u>	<u>3,057,772</u>	<u>3,670,661</u>
	\$ <u>48,968,629</u>	\$ <u>5,310,202</u>	\$ <u>54,278,831</u>	\$ <u>49,134,026</u>

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2005 and 2004

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

GASB Statement No. 40 requires entities to provide information about the credit risk associated with their investments by disclosing the credit quality ratings. The following is a listing of MPLT's fixed income securities at September 30, 2005:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>			
		<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More Than 10</u>
Mortgage and asset backed securities	\$ 1,687,509	\$ -	\$ 905,417	\$ 227,833	\$ 554,259
Corporate bonds	10,883,940	1,207,240	5,123,971	2,458,662	2,094,067
Government obligations	819,080	540,947	29,793	-	248,340
Government agencies	<u>3,057,772</u>	<u>1,040,108</u>	<u>1,032,256</u>	<u>985,408</u>	<u>-</u>
	<u>\$ 16,448,301</u>	<u>\$ 2,788,295</u>	<u>\$ 7,091,437</u>	<u>\$ 3,671,903</u>	<u>\$ 2,896,666</u>

Notes Receivable and Allowance for Loan Losses

Notes receivable are stated at the amount of unpaid principal, reduced by an allowance for loan losses. The allowance for loan losses is established through a provision for doubtful accounts charged to principle fund. Loans are charged against the allowance for loan losses when management believes that the collection of the principal is unlikely. The allowance is an amount that management believes will be adequate to absorb possible losses on existing loans that may be uncollectible, based on evaluations of the collectibility of loans and prior loan loss experience. The evaluations take into consideration such factors as changes in the nature and volume of the loan portfolio, overall portfolio quality, review of specific problem loans and current economic conditions that may affect the borrowers' ability to pay.

Capital Assets

Capital assets are stated at cost. Depreciation is provided over the estimated useful lives of the assets through use of the straight-line method and is charged as a reduction in the investment. Current policy is to capitalize items in excess of \$250.

New Accounting Standards

During fiscal year 2005, MPLT implemented GASB Statement No. 40, *Deposit and Investment Risk Disclosures (an amendment of GASB Statement No. 3)*. GASB Statement No. 40 addresses common deposit and investment related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. As an element of interest risk, GASB Statement No. 40 requires certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates.

For fiscal year 2006, MPLT will be implementing GASB Statement No. 47, *Accounting for Termination Benefits*. As of September 30, 2005, MPLT has not evaluated the financial statement impact of GASB Statement No. 47.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2005 and 2004

(2) Summary of Significant Accounting Policies, Continued

Net Assets

GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, has required MPLT to establish net asset categories as follows:

- Investment in capital assets: capital assets, net of accumulated depreciation.
- Restricted: net assets subject to externally imposed stipulations that can be fulfilled by actions pursuant to those stipulations or that expire by the passage of time. MPLT has net assets restricted for principal and income.
- Unrestricted: net assets that are not subject to externally imposed stipulations. As MPLT considers all assets except investments in capital assets, to be restricted, MPLT does not have unrestricted net assets at September 30, 2005 and 2004.

(3) Notes Receivable

	<u>2005</u>	<u>2004</u>
<p>Note receivable from the Northern Marianas Housing Corporation (NMHC), bearing interest at 8.5%, due on March 1, 2016, collateralized by the full faith and credit of the CNMI Government and specifically pledged loans receivable of NMHC. CNMI Public Law 12-27 approved the repayment of this loan through legislative appropriation of operating transfers to the general fund of the CNMI Government from investment income of MPLT. Operating transfers in the general fund reduces the CNMI Government receivables from MPLT but recognizes a receivable from NMHC deferred for ten years. Interest amounting to \$1,012,880 as of September 30, 2005 has been accrued on the outstanding balance of this note and is classified as noncurrent.</p>	\$ 8,996,623	\$ 8,996,623
<p>Note receivable from Adelantun Publickun Luta Enteramente, Incorporated (APLE 501, Inc.), bearing interest at 5% per annum, due on October 18, 2017, with monthly principal and interest payments in the amount of \$1,225, collateralized by a loan portfolio. Proceeds are to be used to fund an independently administered individual or parent-student loan program.</p>	143,156	143,794

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2005 and 2004

(3) Notes Receivable, Continued

	<u>2005</u>	<u>2004</u>
Note receivable from the Commonwealth Development Authority, bearing interest at 6.5% per annum, due on June 1, 2018, collateralized by future distributable net income for the maintenance and development of the American Memorial Park and is to be repaid from earnings of the investments pursuant to CNMI Public Law 11-72.	<u>1,808,043</u>	<u>1,897,143</u>
	10,947,822	11,037,560
Less allowance for loan losses	<u>(143,156)</u>	<u>-</u>
	<u>\$ 10,804,666</u>	<u>\$ 11,037,560</u>

At September 30, 2005, principal and interest repayments of the note receivable (excluding APLE 501, Inc.) for the following years ending September 30, are as follows:

<u>Year ending September 30,</u>	<u>Principal Amount</u>	<u>Interest</u>
2006	\$ 95,100	\$ 879,755
2007	101,100	873,377
2008	107,400	866,607
2009	101,100	872,062
2010	101,100	872,062
2011 - 2015	505,500	4,340,590
2016 - 2018	<u>9,793,366</u>	<u>1,736,236</u>
	<u>\$ 10,804,666</u>	<u>\$ 10,440,689</u>

(4) Settlement Agreement

On February 18, 2005, MPLT and the Marianas Public Lands Authority (MPLA) entered into a settlement agreement (the Agreement). The Agreement requires MPLA to transfer \$1,000,000 to MPLT as full and final settlement of all past claims up through and including the date of approval of the Agreement. The amount is payable in monthly installments of \$5,000 over ten years commencing ninety days after approval of the Agreement by the Superior Court and bears interest at the rate of one percent per annum. At the end of the tenth year, MPLA will pay a balloon payment for the balance. Additionally, for all future payments, the Agreement requires MPLA to transfer to MPLT all sums received from the public lands, except those from lands in which freehold interest has been transferred to another government agency, after the end of the fiscal year, except that MPLA will retain the amount necessary to meet reasonable expenses of administration and management, land surveying, homestead development, and any other expenses necessary for accomplishment of its functions. At September 30, 2005, MPLT has not recorded the \$1,000,000 as MPLT considers collection of the receivable to be doubtful.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2005 and 2004

(5) Capital Assets

A summary of capital assets as of September 30, 2005 and 2004, is as follows:

	<u>Estimated Useful Lives</u>	<u>Balance at October 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at September 30, 2005</u>
Furniture, fixtures and equipment	3 - 10 years	\$ 72,418	\$ 12,750	\$ -	\$ 85,168
Vehicle	3 - 10 years	<u>16,595</u>	<u>-</u>	<u>-</u>	<u>16,595</u>
		89,013	12,750	-	101,763
Less accumulated depreciation		<u>(58,683)</u>	<u>(9,413)</u>	<u>-</u>	<u>(68,096)</u>
		<u>\$ 30,330</u>	<u>\$ 3,337</u>	<u>\$ -</u>	<u>\$ 33,667</u>

	<u>Estimated Useful Lives</u>	<u>Balance at October 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at September 30, 2004</u>
Furniture, fixtures and equipment	3 - 10 years	\$ 76,196	\$ 2,235	\$ (6,013)	\$ 72,418
Vehicle	3 - 10 years	<u>-</u>	<u>16,595</u>	<u>-</u>	<u>16,595</u>
		76,196	18,830	(6,013)	89,013
Less accumulated depreciation		<u>(55,749)</u>	<u>(8,490)</u>	<u>5,556</u>	<u>(58,683)</u>
		<u>\$ 20,447</u>	<u>\$ 10,340</u>	<u>\$ (457)</u>	<u>\$ 30,330</u>

(6) Net Assets

In accordance with MPLT's accounting policies, gains and losses on investments are allocated to principal. Additionally, a portion of transfers in from the CNMI government is specifically designated as an increase in principal. Movement in principal and interest accounts for the years ended September 30, 2005 and 2004, is summarized as follows:

	<u>Principal</u>	<u>Income</u>	<u>2005</u>	<u>2004</u>
<u>General Fund</u>				
Balance at beginning of year	\$ 56,083,838	\$ -	\$ 56,083,838	\$ 51,930,529
Net increase in the fair value of investments	4,156,017	-	4,156,017	3,396,384
Other operating net income	(3,337)	1,064,661	1,061,324	1,298,905
Transfers	<u>764,713</u>	<u>(1,064,661)</u>	<u>(299,948)</u>	<u>(541,980)</u>
Balance at end of year	<u>\$ 61,001,231</u>	<u>\$ -</u>	<u>\$ 61,001,231</u>	<u>\$ 56,083,838</u>
<u>Park Fund</u>				
Balance at beginning of year	\$ 6,888,654	\$ 258,111	\$ 7,146,765	\$ 7,002,990
Net increase in the fair value of investments	408,370	-	408,370	347,773
Other operating net income	-	164,908	164,908	183,121
Transfers	<u>-</u>	<u>(294,713)</u>	<u>(294,713)</u>	<u>(387,119)</u>
Balance at end of year	<u>\$ 7,297,024</u>	<u>\$ 128,306</u>	<u>\$ 7,425,330</u>	<u>\$ 7,146,765</u>

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2005 and 2004

(7) Contributions To/From Primary Government

In accordance with Article XI of the Constitution of the CNMI, MPLT makes operating transfers out to the general fund of the CNMI government from investment income. During the years ended September 30, 2005 and 2004, MPLT recorded \$1,064,661 and \$1,308,788, respectively, for transfers out to the CNMI general fund.

In accordance with Public Law 10-29, MPLT is to retain all interest from loans to NMHC as an addition to principal. This is considered to be a transfer in from the CNMI government to principal. During the years ended September 30, 2005 and 2004, MPLT recorded \$764,713 and \$766,808, respectively, for transfers in from the general fund of the CNMI.

In accordance with Article VIII, Section 803(e) of the Covenant, MPLT makes operating transfers out for the development and maintenance of the American Memorial Park. During the years ended September 30, 2005 and 2004, MPLT recorded \$294,713 and \$387,119, respectively, for transfers out for this purpose.

(8) Risk Management

MPLT is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. MPLT has elected to purchase commercial insurance from independent third parties for the risks of losses to which it is exposed with respect to the use of motor vehicles. Settled claims have not exceeded this commercial insurance coverage.

(9) Commitments

In accordance with the addendum of memorandum of agreement between the CNMI and the U.S. Department of the Interior for development and management of the American Memorial Park, MPLT is obligated to contribute \$150,000, to the extent of available income, annually for development and maintenance of the American Memorial Park.

The Trustees have approved a loan of \$1,000,000 to APLE 501, Inc. The loan is for funding for an independently administered individual or parent-student loan program. As of September 30, 2005, \$150,924 has been disbursed of which \$143,156 has been provided for within the allowance for loan losses. Management of MPLT has taken the position that no additional loans will be made until the provisions of the loan agreement are complied with.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1A

Schedule of Investments - General Fund
September 30, 2005

<u>Equities</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Common Stock</u>		
Allergan Inc.	\$ 291,046	\$ 348,156
American Pharmaceutical Partners	124,336	124,332
Amgen Inc.	284,998	394,367
Apollo Group, Inc.	575,306	599,170
Bed Bath & Beyond	262,858	253,335
Capital One Financial Corp.	564,159	585,665
Chicago Mercantile Exchange Holdings Inc.	315,195	389,244
Dell Inc.	551,313	508,383
Ebay, Inc.	1,087,986	907,018
Genentech Inc.	573,472	966,310
Genzyme Corp.	378,812	474,973
Google Inc.	502,451	860,138
Intuitive Surgical Inc.	113,506	114,919
Iron Mtn Inc. (Del)	105,435	132,120
Kohls Corp.	249,659	231,079
Lowes Companies Inc.	518,908	563,500
Medtronic Inc.	247,849	405,099
Moody's Corporation	263,617	340,959
Patterson Companies Inc.	153,075	158,319
Qualcomm Inc.	307,381	526,931
Red Hat Inc.	117,125	205,225
Starbucks Corp.	694,145	639,276
Stryker Corp.	181,720	204,146
Teva Pharmaceutical Inds Ltd.	305,069	421,593
Walgreen Co.	228,322	260,265
Zimmer Holdings Inc.	236,668	190,136
Subtotal - Sands Capital	<u>9,234,411</u>	<u>10,804,658</u>
3M Co.	233,577	308,112
Aetna Inc.	176,813	361,788
Alcoa, Inc.	136,001	142,857
Altria Group, Inc.	306,913	545,454
American Express Company	229,173	402,080
Bank of America Corp.	107,016	101,040
Brunswick Corporation	97,050	181,104
Burlington Northern Sante Fe Corp.	223,049	508,300
Caterpillar Inc.	107,654	293,750
Chevron Corp.	139,134	239,501
Cigna Corp.	113,596	165,004
Citigroup Inc.	257,154	364,160
Clorox Company DE	134,946	194,390
Conocophillips	204,547	559,280
Delphi Corporation	102,208	24,840
Dow Chemical Company	158,678	189,599
Duke Energy Corp.	165,752	230,443
Eastman Kodak Co.	185,789	158,145
Eaton Corp.	100,364	184,295
Federal National Mortgage Assn. (Fannie Mae)	195,206	112,050
General Electric Co.	329,119	360,269
General Mills, Inc.	192,070	187,980
General Motors Corporation	68,120	61,220
Georgia Pacific Corp.	83,482	187,330
Hartford Finl. Svcs. Group Inc.	146,627	223,793
Honeywell Intl. Inc.	186,850	187,500

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1A

Schedule of Investments - General Fund
September 30, 2005

<u>Equities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Common Stock, Continued</u>		
ITT Industries Inc.	100,809	261,280
Johnson Controls, Inc.	105,127	117,895
Kimberly Clark Corp.	156,187	166,684
Kroger Company	292,955	240,903
Lockheed Martin Corp.	137,838	201,432
Lyondell Chemical Company	77,326	180,306
Nicor Inc.	171,289	222,759
Plum Creek Timber Co.	75,478	106,148
Public Service Enterprise Group Inc.	143,193	276,748
Royal Dutch Petroleum Co.	327,953	459,480
SBC Communications, Inc.	169,006	158,202
Schering Plough Corp.	109,654	101,040
Sprint Nextel Corp.	167,616	171,216
Target Corp.	257,068	420,633
Textron Incorporated	203,615	401,632
Thomas & Betts Corporation	54,798	120,435
Tyco Intl. Ltd.	300,571	309,135
Wachovia Corp.	140,486	190,360
Waste Management Inc.	162,856	188,826
Wells Fargo & Co.	142,526	181,567
Subtotal - Great Lakes Advisors	<u>7,677,239</u>	<u>10,950,965</u>
Aeon Company Ltd.	73,293	90,527
Air France-KLM	72,274	77,510
Air Liquide	79,316	84,854
Altana AG	76,069	73,229
Astrazeneca Plc Spon	83,290	89,490
Bae Systems Plc Spon	62,698	97,228
BASF Ag Spons	75,285	105,560
Bunge Limited	57,173	76,299
Business Objects Sa	51,636	93,852
Deutsche Telekom Ag Sp	70,010	72,960
Diageo Plc Spon	73,995	87,015
EMI Group Plc Spons	72,926	83,226
Embraer Aircraft Corp.	74,504	96,500
Endesa Sa Sponsored	79,031	115,111
Enersis S.A. Sponsored	52,903	97,240
HSBC Hldg Plc Sp	85,597	92,196
Ing Groep Nv Spons	76,623	95,328
Kao Corp-Jpy Spons	84,859	86,311
Komatsu Ltd.	55,619	130,946
Liberty Global Inc. Class A	36,839	54,180
Liberty Global Inc. Ser C	34,874	51,500
Marui Ltd.	68,548	91,333
Matsushita Elec Indl	73,080	95,816
Mitsubishi Tokyo Financial Group Spons	92,300	130,300
NTT Docomo Inc. Spons	63,334	59,334
Nestle S A Sponsored	78,788	95,550
Nokia Corp Sponsored	80,048	81,168
Nortel Networks Corp	62,779	52,160
Orix Corp Spons	67,573	117,767
Repsol S A Sponsored	73,764	116,316
Schlumberger Ltd.	83,944	118,132
Serono SA	40,886	44,415

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1A

Schedule of Investments - General Fund
September 30, 2005

<u>Equities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Common Stock, Continued</u>		
Suez SA Spon	64,047	95,766
Sumitomo Trust & Banking Co. Lt-Jpy Spons	82,198	98,892
Tesco Plc Sponsored	73,629	82,130
Toray Industries Inc.	76,593	90,595
Total S.A. Spons	77,158	108,656
Vodafone Group Plc Sp	71,083	80,507
Subtotal - Met West	<u>2,658,566</u>	<u>3,409,899</u>
Axcan Pharma Inc.-Cad	110,205	78,812
Bemis Co Inc.	221,812	210,320
Brown & Brown Inc.	227,241	259,779
C.H. Robinson Worldwide Inc.	137,094	207,012
Catalina Marketing Corp.	143,407	163,159
Certegy Inc.	199,131	212,906
Cincinnati Financial Corp.	176,426	193,532
Cintas Corp.	154,565	158,248
Copart Inc.	226,185	259,109
Diagnostic Products Corp.	177,374	233,857
Donaldson Co. Inc.	98,939	115,251
Eaton Vance Corp.	198,423	260,114
Equifax Inc.	126,790	180,290
Fair Isaac & Co. Inc.	169,348	261,184
Jack Henry & Associates Inc.	236,517	250,842
Mettler Toledo Intl Inc.	187,475	214,626
Microchip Technology Inc.	202,323	222,286
99 Cents Only Stores	155,373	111,000
Regis Corporation Minnesota	271,281	257,365
Reinsurance Group of America	193,639	218,583
Rent-A-Center Inc.	326,888	219,748
StanCorp Financial Group	221,077	261,357
Stericycle Inc.	193,114	227,743
Teleflex Inc.	165,557	269,310
Tootsie Roll Industries Inc.	119,763	123,952
UCBH Holdings Inc.	192,427	181,284
Universal Compression Holdings	181,266	197,259
Valspar Corp.	248,032	235,898
Zebra Technologies Inc.	221,114	160,933
Subtotal - Kayne Anderson Rudnick	<u>5,482,786</u>	<u>5,945,759</u>
UBS Ag-Chf	80,285	100,890
ABN Amro Hldg Nv Spon	54,390	62,520
Adecco SA-Sponsored	39,838	38,152
Axa S.A. Spons	46,405	62,631
BASF Ag Spons	24,399	34,307
BG Group Plc Spon	52,527	78,689
BNP Paribas Spons	71,487	89,222
Barclays Plc	89,831	96,241
BHP Billiton Ltd Spons	28,972	52,466
British American Tobacco Plc	66,463	94,207
Canon Inc.	94,314	109,605
Companhia Vale Di Rio Doce	26,675	61,404
Dassault Systems SA	26,901	31,604
ENI Spa Sponsored	86,497	125,145
E Onag Spons	19,643	25,523

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1A

Schedule of Investments - General Fund
September 30, 2005

<u>Equities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Common Stock, Continued</u>		
Eisai Ltd. Spons	37,519	54,560
Ericsson L M Tel Co.	36,909	48,813
Fomento Economico Mexicano S A Spons	21,852	35,659
Fortis NL Sponsored	39,711	53,238
Glaxosmithkline Plc Sp	85,739	112,047
HSBC Hldg Plc Sp	109,010	117,783
Honda Motor Co. Ltd.	67,739	80,798
Ing Groep NV Spons	38,334	47,962
Ireland Bank Spons	41,180	48,895
Kao Corp-Jpy Spons	58,440	59,185
Kingfisher Plc Sponsored	42,943	31,256
Koninklijke Philips Electroncis NS Spon	28,834	33,217
Lafarge Spons Adr New Lafarge Coppee	73,054	77,012
Matsushita Elec Indl	33,971	44,572
Mitsubishi Corp Spons	43,026	84,193
Mitsubishi Tokyo Financial Group Spons	78,527	112,970
National Grid Plc Gbp Spon	29,754	29,625
Nestle S A Sponsored	74,825	91,507
News Corp.	31,406	32,505
Nidec Corporation Spon	15,635	17,385
Nikko Cordial Corp.	40,673	54,160
Nintendo Co. Ltd.	38,710	40,375
Nippon Tel & Tel Spon	26,314	27,674
Nokia Corp Sponsored	41,779	53,351
Novartis Ag	66,985	73,950
Pernod Ricard SA Spon	7,300	7,970
Reed Elsevier NV-NLG	27,640	29,447
Roche Hldg Ltd. Spon	51,410	73,912
SK Telecom Ltd. Spon	12,222	14,305
Sap Aklengesellschaft Spons	25,669	28,164
Schering A G Spons	18,836	21,556
Secom Ltd.	18,625	24,087
Sharp Corp.	21,294	22,628
Siemens A G Spons	43,585	49,878
Smith & Nephew Plc Sp	46,941	40,974
Taiwan Semiconductor Mfg. Co. Ltd.	6,966	8,236
Telecom Italia S.P.A.	23,617	25,754
Tesco Plc Sponsored	47,371	49,771
Total S.A. Sponsored	112,788	158,909
Vodafone Group Plc Sp	88,643	100,764
WPP Group Plc Spon	48,225	44,474
Wolseley Plc Sponsored	52,898	70,074
Wolters Kluwer N V Sp	32,691	35,833
Zurich Fincl Svcs Spon	37,440	43,954
Subtotal - JP Morgan	<u>2,735,657</u>	<u>3,375,988</u>
Total Common Stock	<u>27,788,659</u>	<u>34,487,269</u>
Total Equities	<u>27,788,659</u>	<u>34,487,269</u>
<u>Fixed Income Securities</u>		
<u>Mortgage and Asset Backed Securities</u>		
Citibank Cr Card Iss @ 2.700%, due 01/15/08	250,791	248,938
Discover Card Master TR1 @ 6.350%, due 07/15/08	261,504	251,538

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1A

Schedule of Investments - General Fund
September 30, 2005

<u>Fixed Income Securities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Mortgage and Asset Backed Securities, Continued</u>		
First Union-Lehman Brothers @ 6.560%, due 11/18/08	173,894	161,705
MBNA Cr Card Master Nt Tr @ 4.200%, sue 09/15/10	149,961	148,879
FHLMC PL#E20222 @ 6.500%, due 02/01/11	22,564	23,345
Bear Stears Commercial Mort SE @ 5.186%, due 09/11/13	186,047	177,560
FNMA PL#603265 @ 5.500%, due 09/01/16	36,608	37,029
FNMA PL#739168 @ 5.500%, due 09/01/18	44,680	43,990
FNMA PL#743002 @ 5.500%, due 10/01/18	36,771	35,740
L-UBS Commercial Mtg Trust @ 5.594%, due 06/15/31	128,011	124,348
GS Mtg. Secs Corp. II Coml Mtg. @ 3.590%, due 01/10/40	177,440	176,229
Wachovia Bank Comm Mort Trust @ 4.748%, due 02/15/41	78,778	78,344
Total Mortgage and Asset Backed Securities - Richmond	<u>1,547,049</u>	<u>1,507,645</u>
<u>Government Obligations</u>		
U.S. Treasury Notes @ 2.750%, due 07/31/06	14,879	14,839
U.S. Treasury Note @ 3.500%, due 11/15/06	474,235	466,752
U.S. Treasury Bonds @ 8.125%, due 08/15/19	95,591	95,569
U.S. Treasury Bonds @ 7.875%, due 02/15/21	60,298	68,012
Total Government Obligations - Richmond	<u>645,003</u>	<u>645,172</u>
<u>Government Agencies</u>		
Federal National Mortgage Association @ 5.500%, due 02/15/06	426,432	412,177
Federal National Mortgage Association @ 5.375%, due 11/15/11	141,153	130,195
Federal National Mortgage Association Global @ 4.375%, due 09/15/12	569,983	578,969
Federal National Mortgage Association Global @ 6.625%, due 09/15/09	281,871	268,672
Federal National Mortgage Association Global @ 6.625%, due 11/15/10	188,146	191,352
Federal Home Loan Bank @ 5.125%, due 03/06/06	637,410	627,931
Federal Home Loan Bank @ 2.750%, due 03/14/08	58,941	57,844
Federal Home Loan Mortgage Corp. Global @ 6.625%, due 09/15/09	405,803	387,338
Federal Home Loan Mortgage Corp. Global @ 5.125%, due 07/15/12	167,380	164,650
Total Government Agencies - Richmond	<u>2,877,119</u>	<u>2,819,128</u>
<u>Corporate Bonds</u>		
Alcoa Inc. @ 7.375%, due 08/01/10	65,801	66,739
Allstate Corp. @ 7.200%, due 12/01/09	143,514	163,221
American Express @ 4.875%, due 07/15/13	141,134	145,305
American General Fin. Corp. @ 5.750%, due 03/15/07	412,429	400,463
Anheuser Busch Cos Inc. @ 6.750%, due 12/15/27	99,105	117,040
Archer Daniels Midland Co. @ 7.500%, due 03/15/27	110,706	124,123
Associates Corp. @ 6.250%, due 11/01/08	92,449	104,616
Banc One Corp. @ 7.600%, due 05/01/07	165,236	156,092
Becton Dickinson & Co. @ 7.000%, due 08/01/27	107,592	118,772
BellSouth Telecommunication Global @ 5.200%, due 09/15/14	102,487	100,366
Bershire Hathaway Fin Corp. @ 4.850%, due 01/15/15	150,681	148,458
Bestfoods M/T/N @ 6.625%, due 04/15/28	54,433	68,741
Boeing Co. Deb @ 7.250%, due 06/15/25	90,196	122,391
Bristol Myers Squibb Co. @ 6.800%, due 11/15/26	100,773	111,227
Campbell Soup Co. @ 6.900%, due 10/15/06	56,688	56,160
Campbell Soup Co. @ 8.875%, due 05/01/21	92,873	97,038
Carolina Power & Lt Co. @ 5.950%, due 03/01/09	175,332	196,635
Caterpillar Fin Svc Crp @ 4.625%, due 06/01/15	99,426	97,549
Chubb Corp. @ 6.800%, due 11/15/31	99,217	112,919
Cit Group Hlds Inc. @ 7.750%, due 04/02/12	183,864	171,950

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1A

Schedule of Investments - General Fund
September 30, 2005

<u>Fixed Income Securities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Corporate Bonds, Continued</u>		
Coca-Cola Enterprises Inc. @ 8.500%, due 02/01/22	97,496	111,900
Conoco Inc. @ 6.950%, due 04/15/29	60,100	60,864
CSX Corporation @ 6.300%, due 03/15/12	118,990	117,865
Daimler Chrysler N.A. Hldgs @ 7.200%, due 09/01/09	174,811	186,697
Deere & Co. @ 8.100%, due 05/15/30	59,949	81,707
Disney Walt Co. @ 6.750%, due 03/30/06	97,694	101,124
Duke Energy Corp. @ 7.375%, due 03/01/10	195,332	196,749
Du Pont E I De Nemours & Co. @ 6.875%, due 10/15/09	96,161	108,124
Eaton Corp. @ 7.650%, due 11/15/29	45,250	64,901
Emerson Elec. Co. @ 5.500%, due 09/15/08	134,882	143,643
Equitable Cos Inc. @ 7.000%, due 04/01/28	88,667	116,714
Federal Express Corp NT @ 9.650%, due 06/15/12	78,784	75,278
Florida Pwr & Lt Co @ 6.875%, due 12/01/05	110,993	100,463
FPL Group Capital Inc. @ 7.375%, due 06/01/09	195,379	217,942
Genworth Financial Inc. @ 4.950%, due 10/01/15	69,660	68,860
Goldman Sachs Group @ 6.650%, due 05/15/09	184,829	206,998
Goldman Sachs Group @ 6.600%, due 01/15/12	73,813	70,464
Grand Met Invt Corp. @ 9.000%, due 08/15/11	124,570	120,547
GTE Corp. Debs @ 7.510%, due 04/01/09	115,653	108,463
Household Fin Corp. @ 8.000%, due 07/15/10	175,853	181,014
HSBC USA, Inc. @ 8.375%, due 02/15/07	85,201	78,891
IBM Corp. M/T/N @ 5.400%, due 10/01/08	130,164	148,650
Illinois Tool Works @ 5.750%, due 03/01/09	90,004	88,189
Johnson & Johnson NT @ 6.730%, due 11/15/23	105,593	119,513
J P Morgan Chase & Co. @ 5.350%, due 03/01/07	118,370	111,269
Key Bk Wash M/T/N @ 7.125%, due 08/15/06	105,196	102,003
Key Bank N A @ 5.700%, due 08/15/12	26,283	26,019
Lehman Bros Hldg. Inc. @ 6.625%, due 02/05/06	104,999	100,765
Lehman Bros Hldg. @ 4.000%, due 01/22/08	188,138	182,502
Lincoln Natl Corp. Ind. @ 6.500%, due 03/15/08	84,076	94,431
MacMillan Bloedel Ltd. @ 6.750%, due 02/15/06	48,315	50,381
Marshall & Ilsley @ 4.375%, due 08/01/09	148,918	148,299
Marsh & McLennan Cos. Inc. @ 5.375%, due 07/15/14	79,912	77,359
Merrill Lynch & Co. Inc. @ 2.470%, due 03/10/06	149,740	148,881
Merrill Lynch & Co. Inc. @ 7.375%, due 05/15/06	72,315	71,202
Merrill Lynch & Co. @ 5.000%, due 02/03/14	121,326	119,346
Metlife Inc. @ 5.500%, due 06/15/14	141,128	138,704
Michigan Bell Tel. Co. Debs @ 7.850%, due 01/15/22	104,479	100,506
Morgan Stanley Group Inc. @ 6.875%, due 03/01/07	130,239	138,970
Morgan Stanley Dean Witter @ 6.750%, due 04/15/11	110,545	103,345
Morgan Stanley Global @ 4.750%, due 04/01/14	29,829	28,943
Nationsbank Corp. @ 7.500%, due 09/15/06	112,564	107,808
Pepsi Bottling Group Inc. @ 7.000%, due 03/01/29	103,226	108,998
Phillips Pete Co. NT @ 9.375%, due 02/15/11	48,746	48,400
Salomon Smith Barney @ 6.500%, due 02/15/08	210,699	204,103
Sara Lee Corp @ 6.125%, due 11/01/32	42,454	39,762
SLM Corp. @ 2.750%, due 12/01/05	95,420	94,785
SLM Corp. @ 5.375%, due 05/15/14	83,581	81,878
Southwestern Bell Telephone Co. M/T/N @ 6.550%, due 10/07/08	103,592	104,041
St. Paul Companies Inc. M/T/N @ 8.125%, due 04/15/10	59,710	67,564
Suntrust BK Atlanta GA M/T/N @ 7.250%, due 09/15/06	106,632	101,963
Sysco Corp. Deb @ 6.500%, due 08/01/28	64,026	73,676
Texaco Capital Inc. @ 8.625%, due 04/01/32	44,594	58,968
United Technologies Corp. @ 6.500%, due 06/01/09	209,842	239,422
Verizon New England Inc. @ 6.500%, due 09/15/11	106,375	101,103

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1A

Schedule of Investments - General Fund
September 30, 2005

<u>Fixed Income Securities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Corporate Bonds, Continued</u>		
Wachovia Corp. @ 6.250%, due 08/04/08	100,492	103,967
Wachovia Corp. @ 5.625%, due 12/15/08	95,082	113,424
Wachovia Corp. @ 4.875%, due 02/15/14	55,274	54,347
Wal-Mart Stores Global @ 4.500%, due 07/01/15	131,556	130,615
Wells Fargo Co. @ 6.375%, due 08/01/11	224,029	203,515
Weyerhaeuser Co. @ 5.250%, due 12/15/09	59,616	60,430
Wisconsin Pwr & Lt Co. @ 5.700%, due 10/15/08	97,335	112,356
Total Corporate Bonds - Richmond	<u>9,172,417</u>	<u>9,509,415</u>
Total Fixed Income Securities	<u>14,241,588</u>	<u>14,481,360</u>
Total Equities and Fixed Income Securities	<u>\$ 42,030,247</u>	<u>\$ 48,968,629</u>

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1B

Schedule of Investments - Park Fund
September 30, 2005

<u>Equities</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Common Stock</u>		
Allergan Inc.	\$ 33,858	\$ 40,313
American Pharmaceutical Partners	14,230	14,292
Amgen Inc.	33,732	45,412
Apollo Group, Inc.	67,319	69,046
Bed Bath & Beyond	29,996	29,131
Capital One Financial Corp.	64,728	67,194
Chicago Mercantile Exchange Holdings Inc.	36,326	44,861
Dell Inc.	63,448	58,482
Ebay, Inc.	123,836	104,236
Genentech Inc.	65,494	111,157
Genzyme Corp.	43,427	54,446
Google Inc.	57,855	99,052
Intuitive Surgical Inc.	13,029	13,192
Iron Mtn Inc. (Del)	12,301	15,414
Kohls Corp.	28,505	26,846
Lowes Companies Inc.	59,900	65,044
Medtronic Inc.	27,066	46,649
Moody's Corporation	30,410	39,332
Patterson Companies Inc.	17,997	18,614
Qualcomm Inc.	35,037	60,413
Red Hat Inc.	13,475	23,627
Starbucks Corp.	79,686	73,396
Stryker Corp.	21,094	23,479
Teva Pharmaceutical Inds Ltd.	34,944	48,292
Walgreen Co.	26,306	29,980
Zimmer Holdings Inc.	27,869	22,389
Subtotal - Sands Capital	<u>1,061,868</u>	<u>1,244,289</u>
3M Co.	27,663	36,680
Aetna Inc.	21,050	43,070
Alcoa, Inc.	22,792	17,094
Altria Group, Inc.	39,891	62,654
American Express Company	27,350	45,952
Bank of America Corp.	13,377	12,630
Brunswick Corporation	13,080	22,638
Burlington Northern Santa Fe Corp.	25,985	56,810
Caterpillar Inc.	13,118	29,375
Chevron Corp.	16,735	25,892
Cigna Corp.	18,162	23,572
Citigroup Inc.	38,038	40,968
Clorox Company	17,859	24,993
Conocophillips	24,995	62,919
Delphi Corporation	11,693	2,484
Dow Chemical Company	17,339	20,835
Duke Energy Corp.	28,571	23,336
Eastman Kodak Co.	31,006	18,248
Eaton Corporation	13,066	22,243
Federal National Mortgage Association (Fannie Mae)	25,425	13,446
General Electric Co.	44,451	42,088
General Mills, Inc.	22,731	21,690
General Motors Corporation	5,109	4,592
Georgia Pacific Corp.	14,997	22,139
Hartford Finl Svcs. Group Inc.	23,010	27,009
Honeywell Intl. Inc.	22,422	22,500
ITT Industries Inc.	13,149	34,080
Johnson Controls Inc.	11,066	12,410

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MARIANAS PUBLIC LAND TRUST

SCHEDULE 1B

Schedule of Investments - Park Fund
September 30, 2005

<u>Equities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Common Stock, Continued</u>		
Kimberly Clark Corp.	21,864	20,835
Kroger Company	37,647	30,885
Lockheed Martin Corp.	15,856	24,416
Lyondell Chemical Company	10,646	21,465
Nicor Inc.	21,743	25,218
Plum Creek Timber Co.	8,397	11,373
Public Service Enterprise Group Inc.	24,865	35,398
Royal Dutch Shell Plc	39,107	49,230
SBC Communications Inc.	23,790	17,977
Schering-Plough Corp.	28,286	16,840
Sprint Nextel Corp.	18,624	19,024
Target Corp.	28,520	46,737
Textron Incorporated	27,187	43,032
Thomas & Betts Corporation	7,045	15,484
Tyco Intl. Ltd.	36,473	26,457
Wachovia Corp.	17,838	23,795
Waste Management Inc.	12,852	15,736
Wells Fargo & Co.	18,164	23,428
Subtotal - Great Lakes Advisors	<u>1,003,034</u>	<u>1,259,677</u>
Aeon Company Ltd.	4,886	6,035
Air France-KLM	4,707	5,055
Air Liquide	5,173	5,534
Altana Ag	4,681	4,506
Astrazeneca Plc Spon	5,257	5,652
Bae Systems Plc Spon	5,486	8,507
BASF Ag Spons	5,377	7,540
Bunge Limited	3,943	5,262
Business Objects Sa	3,825	6,952
Deutsche Telekom Ag Sp	4,376	4,560
Diageo Plc Spon	4,933	5,801
EMI Group Plc Spons	4,511	5,148
Embraer Aircraft Corp Spon	5,066	6,562
Endesa Sa Sponsored	5,514	8,031
Enersis S.A. Sponsored	3,423	6,292
HSBC Hldg Plc Sp	5,348	5,767
Ing Groep Nv Spons	4,789	5,958
Kao Corp-Jpy Spons	4,849	4,932
Komatsu Ltd.	3,476	8,184
Liberty Global Inc. Class A	2,763	4,064
Liberty Global Inc. Ser C	2,616	3,863
Marui Ltd.	5,078	6,765
Matsushita Elec Indl	4,568	5,989
Mitsubishi Tokyo Financial Group Spons	6,461	9,121
NTT Docomo Inc. Spons	3,838	3,596
Nestle S A Sponsored	4,848	5,880
Nokia Corp Sponsored	5,003	5,073
Nortel Networks Corp	4,316	3,586
Orix Corp Spons	4,678	8,153
Repsol S A Sponsored	5,122	8,078
Schlumberger Ltd.	5,396	7,594
Serono SA	2,726	2,961
Suez SA Spon	3,882	5,804
Sumitomo Trust & Banking Co. Lt-Jpy Spons	5,480	6,593
Tesco Plc Sponsored	5,154	5,749
Toray Industries Inc.	4,505	5,329

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1B

Schedule of Investments - Park Fund
September 30, 2005

<u>Equities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Common Stock, Continued</u>		
Total S.A. Spons	5,787	8,149
Vodafone Group Plc Sp	4,586	5,194
Subtotal - Met West	<u>176,427</u>	<u>227,819</u>
Axcan Pharma Inc.-Cad	7,217	5,155
Bemis Co Inc.	14,249	13,536
Brown & Brown Inc.	15,142	17,143
C.H. Robinson Worldwide Inc.	8,876	13,596
Catalina Marketing Corp.	9,419	10,756
Certegy Inc.	13,087	14,087
Cincinnati Financial Corp.	11,570	12,693
Cintas Corp.	10,184	10,427
Copart Inc.	14,868	17,019
Diagnostic Products Corp.	11,235	15,081
Donaldson Co. Inc.	6,526	7,602
Eaton Vance Corp.	13,064	17,126
Equifax Inc.	8,379	11,914
Fair Isaac & Co. Inc.	11,077	17,114
Jack Henry & Associates Inc.	15,602	16,529
Mettler Toledo Intl Inc.	12,335	14,172
Microchip Technology Inc.	13,406	14,729
99 Cents Only Stores	10,113	7,270
Regis Corporation Minnesota	17,885	16,981
Reinsurance Group of America	12,695	14,304
Rent-A-Center Inc.	21,436	14,463
StanCorp Financial Group	14,483	17,093
Stericycle Inc.	12,696	14,973
Teleflex Inc.	10,878	17,695
Tootsie Roll Industries Inc.	7,852	8,128
UCBH Holdings Inc.	12,192	11,420
Universal Compression Holdings	11,938	12,965
Valspar Corp.	16,269	15,473
Zebra Technologies Inc.	14,542	10,593
Subtotal - Kayne Anderson Rudnick	<u>359,215</u>	<u>390,037</u>
UBS Ag-Chf	5,098	6,413
ABN Amro Hldg Nv Spon	3,533	4,080
Adecco SA-Sponsored	2,586	2,517
Axa S.A. Spons	3,016	4,130
BASF Ag Spons	1,597	2,262
BG Group Plc Spon	3,332	5,007
BNP Paribas Spons	4,720	5,910
Barclays Plc	5,969	6,321
BHP Billiton Ltd Spons	1,916	3,418
British American Tobacco Plc	4,343	6,139
Canon Inc.	6,205	7,325
Companhia Vale Di Rio Adr Doce	1,691	3,947
Dassault Systems SA	1,775	2,072
ENI Spa Sponsored	5,609	8,146
E Onag Spons	1,303	1,691
Eisai Ltd. Spons	2,497	3,637
Ericsson L M Tel Co.	2,346	3,131
Fomento Economico Mexicano S A Spons	1,505	2,447
Fortis NL Sponsored	2,604	3,491
Glaxosmithkline Plc Sp	5,674	7,436
HSBC Hldg Plc Sp	7,187	7,717

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1B

Schedule of Investments - Park Fund
September 30, 2005

<u>Equities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Common Stock, Continued</u>		
Honda Motor Co. Ltd.	4,450	5,396
Ing Groep NV Spons	2,491	3,128
Ireland Bank Spons	2,683	3,175
Kao Corp-Jpy Spons	3,611	3,699
Kingfisher Plc Sponsored	2,878	2,063
Koninklijke Philips Electroncis NS Spon	1,834	2,134
Lafarge Spons Adr New Lafarge Coppee	4,894	5,090
Matsushita Elec Indl	2,242	2,994
Mitsubishi Corp Spons	2,835	5,534
Mitsubishi Tokyo Financial Group Spons	5,081	7,427
National Grid Plc Gbp Spon	2,022	2,019
Nestle S A Sponsored	5,389	6,248
News Corp.	2,074	2,145
Nidec Corporation Spon	955	1,068
Nikko Cordial Corp.	2,595	3,476
Nintendo Co. Ltd.	2,574	2,628
Nippon Tel & Tel Spon	1,775	1,862
Nokia Corp Sponsored	2,745	3,551
Novartis Ag	4,393	4,845
Pernod Ricard SA Spon	433	487
Reed Elsevier NV-NLG	1,809	1,936
Roche Hldg Ltd. Spon	3,370	4,881
SK Telecom Ltd. Spon	841	983
Sap Aklengesellschaft Spons	1,777	1,950
Schering A G Spons	1,391	1,585
Secom Ltd.	1,117	1,445
Sharp Corp	1,360	1,450
Siemens A G Spons	3,018	3,480
Smith & Nephew Plc Sp	3,155	2,760
Taiwan Semiconductor Mfg. Co. Ltd.	453	559
Telecom Italia S.P.A.	1,488	1,630
Tesco Plc Sponsored	3,116	3,285
Total S.A. Sponsored	7,189	10,186
Vodafone Group Plc Sp	5,794	6,622
WPP Group Plc Spon	3,068	2,812
Wolseley Plc Sponsored	3,433	4,514
Wolters Kluwer N V Sp	2,124	2,333
Zurich Fincl Svcs Spon	2,381	2,822
Subtotal - JP Morgan	<u>179,344</u>	<u>221,439</u>
Total Common Stock	<u>2,779,888</u>	<u>3,343,261</u>
Total Equities	<u>2,779,888</u>	<u>3,343,261</u>
<u>Fixed Income Securities</u>		
<u>Mortgage and Asset Backed Securities</u>		
Citibank Cr Card Iss @ 2.700%, due 01/15/08	25,079	24,894
Discover Card Master TR1 @ 6.350%, due 07/15/08	31,380	30,185
First Union-Lehman Brothers @ 6.560%, due 11/18/08	15,809	14,700
Greenwich Cap Commercial Fund @ 4.533%, due 07/05/10	24,766	24,578
FHLMC PL #E63380 @ 6.500%, due 03/01/11	1,510	1,562
Bear Stears Commercial Mort SE @ 5.186%, due 09/11/13	26,578	25,366
FNMA PL #603265 @ 5.500%, due 09/01/16	5,491	5,554
FNMA PL #739168 @ 5.500%, due 09/01/18	7,447	7,332
FNMA PL #743002 @ 5.500%, due 10/01/18	6,128	5,957
L-UBS Commercial Mtg Trust @ 5.594%, due 06/15/31	10,668	10,362

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1B

Schedule of Investments - Park Fund
September 30, 2005

<u>Fixed Income Securities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Mortgage and Asset Backed Securities, Continued</u>		
GS Mtg. Secs Corp. II Coml Mtg. @ 3.590%, due 01/10/40	19,716	19,581
Wachovia Bank Comm Mort Trust @ 4.748%, due 02/15/41	9,847	9,793
Total Mortgage and Asset Backed Securities - Richmond	<u>184,419</u>	<u>179,864</u>
<u>Government Obligations</u>		
U.S. Treasury Notes @ 2.750%, due 07/31/06	59,515	59,356
U.S. Treasury Note @ 3.500%, due 11/15/06	29,871	29,793
U.S. Treasury Bonds @ 7.500%, due 11/15/16	25,256	25,314
U.S. Treasury Bonds @ 8.125%, due 08/15/19	13,656	13,653
U.S. Treasury Bond @ 7.875%, due 02/15/21	20,324	20,403
U.S. Treasury Bonds @ 6.625%, due 02/15/27	24,687	25,389
Total Government Obligations - Richmond	<u>173,309</u>	<u>173,908</u>
<u>Government Agencies</u>		
Federal Home Loan Mortgage Corp. Global @ 5.125%, due 07/15/12	10,302	10,291
Federal Home Loan Mortgage Corp. Global @ 6.625%, due 09/15/09	39,268	37,658
Federal National Mortgage Association @ 6.625%, due 09/15/09	73,641	69,855
Federal National Mortgage Association @ 5.375%, due 11/15/11	39,523	36,455
Federal National Mortgage Association @ 4.375%, due 09/15/12	58,540	59,381
Federal National Mortgage Association @ 3.250%, due 11/15/07	20,119	19,537
Federal National Mortgage Association Global @ 6.625%, due 11/15/10	5,250	5,467
Total Government Agencies - Richmond	<u>246,643</u>	<u>238,644</u>
<u>Corporate Bonds</u>		
Alcoa Inc. @ 7.375%, due 08/01/10	10,967	11,123
American Express Co. @ 3.750%, due 11/20/07	9,914	9,814
American Express @ 4.875%, due 07/15/13	9,733	10,021
American Gen. Fin. Corp. @ 5.750%, due 03/15/07	24,783	25,346
American General Finance @ 2.750%, due 06/15/08	19,222	18,997
Anheuser Busch Cos. Inc. @ 6.750%, due 12/15/27	9,980	11,704
Archer Daniels Midland Co. @ 7.500%, due 03/15/27	5,535	6,206
Atlantic Richfield Co. @ 8.500%, due 04/01/12	6,317	6,009
Bank of America Corp. @ 5.125%, due 11/15/14	15,691	15,167
Becton Dickinson & Co. @ 7.000%, due 08/01/27	5,380	5,939
Bell South Telecommunications @ 6.375%, due 06/01/28	9,113	10,456
Bershire Hathaway Fin Corp @ 4.850%, due 01/15/15	20,091	19,794
Bestfoods M/T/N @ 6.625%, due 04/15/28	4,534	5,729
Boeing Cap Corp Global @ 5.750%, due 02/15/07	20,598	20,308
Boeing Co. Deb @ 7.250%, due 06/15/25	4,510	6,120
Bristol Myers Squibb Co. @ 6.800%, due 11/15/26	5,304	5,854
Campbell Soup Co. @ 6.900%, due 10/15/06	26,262	25,527
Campbell Soup Co. @ 8.875%, due 05/01/21	6,634	6,931
Carolina Power & Lt Co. @ 5.950%, due 03/01/09	23,070	25,873
Caterpillar Fin Svc @ 4.625%, due 06/01/15	14,914	14,632
Chase Manhattan Corp. @ 6.375%, due 02/15/08	28,703	31,154
Chubb Corp. @ 6.600%, due 08/15/18	5,081	5,492
Chubb Corp. @ 6.800%, due 11/15/31	4,961	5,646
Cit Group Hlds Inc. @ 7.750%, due 04/02/12	22,619	22,927
Coca Cola Enterprises Inc. @ 8.500%, due 02/01/22	5,381	6,582
CSX Corporation @ 6.300%, due 03/15/12	10,817	10,715
Daimler Chrysler @ 7.200%, due 09/01/09	19,978	21,337
Deere & Co. @ 8.100%, due 05/15/30	4,996	6,809
Dover Corp. @ 6.650%, due 06/01/28	5,188	5,818
Duke Energy Corp. @ 7.375%, due 03/01/10	5,426	5,465

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1B

Schedule of Investments - Park Fund
September 30, 2005

<u>Fixed Income Securities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Corporate Bonds, Continued</u>		
Du Pont E I De Nemours & Co. @ 6.875%, due 10/15/09	19,232	21,625
Eaton Corp. @ 7.650%, due 11/15/29	9,050	12,980
Emerson Electric Co. @ 5.500%, due 09/15/08	37,187	35,911
Enron Oil & Gas Co. @ 6.700%, due 11/15/06	16,549	15,314
Equitable Cos Inc. @ 7.000%, due 04/01/28	8,867	11,671
Federal Express Corp. NT @ 9.650%, due 06/15/12	13,131	12,546
First Union Corp. @ 7.500%, due 07/15/06	16,224	15,312
FPL Group Capital Inc. @ 6.125%, due 05/15/07	20,776	20,466
Genworth Financial Inc. @ 4.950%, due 10/01/15	9,985	9,837
Goldman Sachs Group @ 6.650%, due 05/15/09	18,939	21,231
Goldman Sachs Group @ 6.600%, due 01/15/12	5,678	5,420
Goldman Sachs Group @ 5.150%, due 01/15/14	5,081	5,007
Heinz H J Co. @ 6.375%, due 07/15/28	5,157	5,380
Household Fin Corp. @ 5.750%, due 01/30/07	15,443	15,233
Household Fin Corp. @ 8.000%, due 07/15/10	21,982	22,627
Illinois Tool Works @ 5.750%, due 03/01/09	10,589	10,375
Johnson & Johnson NT @ 6.730%, due 11/15/23	10,194	11,951
Key Bank Wash M/T/N @ 7.125%, due 08/15/06	26,299	25,501
Key Bank N A @ 5.700%, due 08/15/12	5,256	5,204
Lehman Brothers Hldg Inc. @ 6.625%, due 02/05/06	21,000	20,153
Lehman Bros Hldg. @ 4.000%, due 01/22/08	15,254	14,798
Lincoln Natl Corp. Ind. @ 6.500%, due 03/15/08	14,013	15,738
MacMillan Bloedel Ltd. @ 6.750%, due 02/15/06	9,663	10,076
Marshall & Ilsley @ 4.375%, due 08/01/09	19,856	19,773
Marsh & McLennan Cos. Inc. @ 5.375%, due 07/15/14	9,989	9,670
McDonalds Corp. @ 8.875%, due 04/01/11	31,281	29,828
Mellon Funding @ 5.000%, due 12/01/14	14,997	15,044
Merrill Lynch & Co. Inc. @ 2.470%, due 03/10/06	9,983	9,925
Merrill Lynch & Co. Inc. @ 7.375%, due 05/15/06	10,331	10,172
Merrill Lynch & Co. Inc. @ 6.000%, due 02/17/09	10,995	10,402
Merrill Lynch & Co. Inc. @ 5.000%, due 02/03/14	10,118	9,946
Metlife Inc. @ 5.500%, due 06/15/14	15,681	15,412
Michigan Bell Tel. Co. Debs @ 7.850%, due 01/15/22	12,292	11,824
Morgan Stanley Dean Witter @ 5.800%, due 04/01/07	36,724	35,572
Morgan Stanley Dean Witter @ 6.750%, due 04/15/11	11,636	10,878
New York Telephone @ 6.000%, due 04/15/08	4,630	5,127
Pepsi Bottling Group Inc. @ 7.000%, due 03/01/29	11,470	12,111
Phillips Pete Co. NT @ 9.375%, due 02/15/11	12,187	12,100
Pitney Bowes Credit Corp. @ 5.750%, due 08/15/08	42,800	41,331
Procter & Gamble Co. @ 6.450%, due 01/15/26	8,442	11,368
Salomon Smith Barney @ 6.500%, due 02/15/08	53,999	52,334
Sara Lee Corp @ 6.125%, due 11/01/32	5,307	4,970
SLM Corp. @ 2.750%, due 12/01/05	30,133	29,932
SLM Corp. @ 5.375%, due 05/15/14	10,515	10,235
Suntrust Bk Atlanta GA M/T/N @ 7.250%, due 09/15/06	31,989	30,589
Sysco Corp. Deb @ 6.500%, due 08/01/28	4,727	5,667
Texaco Capital Inc. @ 8.625%, due 04/01/32	11,148	14,742
Travelers Pty Cas @ 3.750%, due 03/15/08	34,393	34,029
Unilever Capital Corp. @ 6.875%, due 11/01/05	20,631	20,044
Union Camp Corp. @ 6.500%, due 11/15/07	24,938	25,793
United Technologies Corp @ 8.875%, due 11/15/19	13,734	13,660
US Bank N A @ 6.375%, due 08/01/11	23,056	21,548
US Bank Natl Assn @ 4.950%, due 10/30/14	5,130	5,005
Verizon New England Inc. @ 6.500%, due 09/15/11	11,197	10,642
Wal-Mart Stores @ 6.875%, due 08/10/09	14,941	16,156
Wal-Mart Stores Global @ 4.500%, due 07/01/15	9,745	9,675

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1B

Schedule of Investments - Park Fund
September 30, 2005

<u>Fixed Income Securities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Corporate Bonds, Continued</u>		
Wachovia Corp. New @ 5.625%, due 12/15/08	12,966	15,467
Wachovia Corp. @ 4.875%, due 02/15/14	10,050	9,881
Weyerhaeuser Co. @ 5.250%, due 12/15/09	9,936	10,072
Wisconsin Pwr & Lt Co. @ 5.700%, due 10/15/08	<u>30,970</u>	<u>35,750</u>
Total Corporate Bonds - Richmond	<u>1,344,168</u>	<u>1,374,525</u>
Total Fixed Income Securities	<u>1,948,539</u>	<u>1,966,941</u>
Total Equities and Fixed Income Securities	<u>\$ 4,728,427</u>	<u>\$ 5,310,202</u>

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 2

Schedule of Administrative Expenses
Compared to Budget
Year Ended September 30, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Professional fees	\$ 200,810	\$ 202,329	\$ (1,519)
Money manager fees	195,385	195,222	163
Contract services	146,860	147,218	(358)
Money management administration	125,270	125,188	82
Consultancy fees	116,210	116,199	11
Trustees' expenses	100,840	102,662	(1,822)
Salaries and benefits	69,780	74,866	(5,086)
Office supplies	31,710	32,987	(1,277)
Rent and utilities	15,670	15,757	(87)
Annual report preparation	11,640	10,741	899
Depreciation	8,900	9,413	(513)
Audit	6,005	6,000	5
	<u>6,005</u>	<u>6,000</u>	<u>5</u>
Total	<u>\$ 1,029,080</u>	<u>\$ 1,038,582</u>	<u>\$ (9,502)</u>

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST
(NONEXPENDABLE TRUST FUNDS)

INDEPENDENT AUDITORS' REPORT ON
INTERNAL CONTROL AND ON COMPLIANCE

YEAR ENDED SEPTEMBER 30, 2005

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS BASED UPON THE AUDIT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Marianas Public Land Trust:

We have audited the financial statements of the Marianas Public Land Trust (MPLT) as of and for the year ended September 30, 2005, and have issued our report thereon dated December 20, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered MPLT's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether MPLT's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management and the Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLC

December 20, 2005

MARIANAS PUBLIC LAND TRUST

Unresolved Prior Year Comments
Year Ended September 30, 2005

There are no unresolved findings from prior year audits of MPLT.